



April 6, 2001

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## ENGROSSED SENATE BILL No. 71

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DIGEST OF SB 71 (Updated April 3, 2001 2:38 PM - DI 73)

**Citations Affected:** IC 6-3; noncode.

**Synopsis:** Income tax deduction for disability income. Removes a provision that prohibits a person who is at least 65 years of age from receiving the adjusted gross income tax deduction for disability income.

**Effective:** January 1, 2002.

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(HOUSE SPONSOR — TINCHER)

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January 8, 2001, read first time and referred to Committee on Finance.  
January 25, 2001, reported favorably — Do Pass.  
January 29, 2001, read second time, ordered engrossed. Engrossed.  
January 30, 2001, read third time, passed. Yeas 49, nays 0.

#### HOUSE ACTION

February 26, 2001, read first time and referred to Committee on Ways and Means.  
April 5, 2001, reported — Do Pass.

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ES 71—LS 6270/DI 73+



April 6, 2001

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## ENGROSSED SENATE BILL No. 71

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A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 6-3-2-9 IS AMENDED TO READ AS FOLLOWS  
2 [EFFECTIVE JANUARY 1, 2002]: Sec. 9. (a) An individual who:  
3 ~~(1) has not attained age sixty-five (65) before the end of a~~  
4 ~~particular taxable year;~~  
5 ~~(2) (1) retired on disability before the end of that the taxable year;~~  
6 and  
7 ~~(3) (2) was permanently and totally disabled, as determined under~~  
8 subsection (c), at the time of retirement;  
9 is entitled to a deduction from the individual's adjusted gross income  
10 for that taxable year in the amount determined under subsection (b).  
11 (b) The deduction provided by subsection (a) is the amount  
12 determined using the following STEPS:  
13 STEP ONE: Determine the amount received by the individual  
14 during the taxable year through an accident and health plan for  
15 personal injuries or sickness to the extent that:  
16 (A) these amounts are attributable to contributions by the  
17 individual's employer that were not includable in the

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individual's gross income or are paid by the employer; and  
(B) these amounts constitute wages or payments in lieu of  
wages for a period during which the employee is absent from  
work because of permanent and total disability.

STEP TWO: Determine for each week of the taxable year the  
amount by which each weekly payment referred to in STEP ONE  
exceeds one hundred dollars (\$100), then add these amounts.

STEP THREE: Determine the amount by which the individual's  
federal adjusted gross income for the taxable year, as defined by  
Section 62 of the Internal Revenue Code, exceeds fifteen  
thousand dollars (\$15,000).

STEP FOUR: Subtract from the amount determined in STEP  
ONE the amount determined in STEP TWO and the amount  
determined in STEP THREE.

(c) For purposes of this section, an individual is permanently and  
totally disabled if the individual is unable to engage in any substantial  
gainful activity by reason of any medically determinable physical or  
mental impairment that can be expected to result in death or that has  
lasted or can be expected to last for a continuous period of not less than  
twelve (12) months. An individual may not be considered to be  
permanently and totally disabled unless he furnishes proof of the  
existence of the disability as the department of revenue may require.

SECTION 2. [EFFECTIVE JANUARY 1, 2002] **IC 6-3-2-9, as  
amended by this act, applies only to taxable years beginning after  
December 31, 2001.**

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## COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 71, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 71 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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## COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 71, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

BAUER, Chair

Committee Vote: yeas 23, nays 0.

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ES 71—LS 6270/DI 73+

